

Congress of the United States

Washington, DC 20515

November 10, 2003

The Honorable Roy Blunt
House Majority Whip
H-329 The Capitol Building
Washington, D.C. 20515

The Honorable William Thomas
Chairman
Committee on Ways and Means
1102 Longworth
Washington, D.C. 20515

Dear Majority Whip Blunt and Chairman Thomas:

Members of the Western Caucus and many other conservative members strongly support the House version of H.R. 7, the Charitable Giving Act of 2003. We very strongly oppose language included in the Senate version, S. 476, the CARE Act of 2003, which gives an unfair advantage to conservation groups over other non-profit groups and the private sector and provides an alarming incentive to remove private lands and water rights from individuals and potentially place them into federal ownership, which is in direct contravention of some of our most closely held principles as a caucus committed to private property rights, free enterprise and smaller government.

As you may know, the Senate proposal would provide a capital gains tax reduction of 25 percent to sellers of property or water rights—but only if they sell to specific groups. We understand these groups may be pushing for a 50 percent capital gains reduction, which the Joint Committee on Taxation estimates will cost about a billion dollars over ten years.

We believe the Charitable Giving Act is intended to encourage and benefit faith-based institutions in their efforts to extend social services to the general public. Yet incredibly, this proposal would place those very faith-based institutions, such as churches, orphanages and private schools, at a comparative disadvantage in property purchases compared to some conservation groups and government agencies, which do not perform charitable acts.

The provisions in the Senate bill will do virtually nothing to benefit sellers of land, since the beneficiaries of this tax break will be able to reduce their offering price versus any other potential buyer. Any tax break benefit will result in a reduced sales price. Even worse, this proposal will likely discourage purchase offers from parties who do not receive this tax break, since all others will have to offer a premium price just to stay even.

The Senate provision will exacerbate a current agricultural crisis by prohibiting young farmers and ranchers from entering into agriculture. As you know, the average age of farmers and ranchers in the United States is about 56 years old, and getting older. We must encourage young farmers and ranchers to enter into agriculture so we can provide the necessary food and fiber for

the growing U.S. population. The Senate provision places a premium on selling farms and ranches to non-farm organizations, thereby discouraging our young people from entering into agriculture and reducing competition for land. With reduced competition for property, the landowner loses.

Tax-exempt "non-profits" already have significant advantages over private parties in the tax code. Some have grown into multi-billion dollar multinational corporations with economic power greater than nearly any individual or organization who may also want to purchase the same property. This additional proposed tax advantage tilts the playing field too far in favor of some groups instead of fairly offering everyone the same tax benefit.

Congress should not use the tax code to unfairly promote an advantage in land acquisitions by certain groups. If this is the intent of Congress, then it should be fully considered on its own merits. We believe most Members would reject this policy proposal, especially considering that Federal and State governments now own about 36 percent of all land in the United States, mostly in Western states. This provision will devastate rural communities and counties with significant federal lands that receive Payment In-Lieu of Taxes, or PILT, payments.

Please understand that while we wholeheartedly endorse and support many of the provisions of H.R. 7, and appreciate your and President Bush's leadership on those issues, our concerns about the impacts of this conservation tax credit are so strong and relate so fundamentally to the principles we stand for as a Caucus that we would have to reconsider our support for the bill if this unnecessary, expensive and damaging proposal is included in the Conference Report.

Sincerely,



Steven Plummer



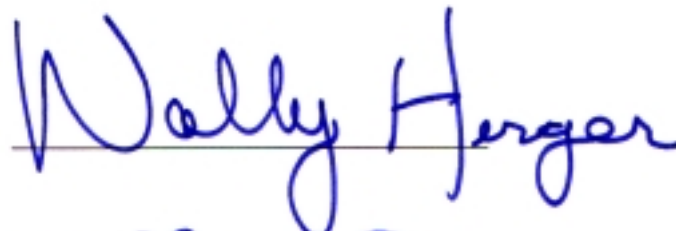
Richard Ponzio



John Rodeggs



Frank Bradley



Wally Henger



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Walter B. Jones

W. Todd Admin

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Doug Walden

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John T. Doolittle

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